

FISCAL NOTE

SB 2682 – HB 2812

March 24, 2006

SUMMARY OF BILL: Requires 100% of any unclaimed prize money to be deposited in the after school programs special account (ASPSA) at the end of each fiscal year. Current law requires 50% of any unclaimed prize money to be added to the pool from which future prizes are to be awarded or used for special prize promotions and 50% of any unclaimed prize money to be deposited in the ASPSA at the end of each fiscal year.

ESTIMATED FISCAL IMPACT:

Increases State Revenues - \$7,000,000 FY07-08/ASPSA

Increase State Expenditures - \$7,000,000 FY07-08/ASPSA

\$94,500/Department of Education

Other Fiscal Impact – Enactment of this bill would prevent the Tennessee Education Lottery Corporation (TELC) from retaining and using an amount estimated to be \$7,000,000 in FY07-08. Based on current law, the TELC would be required to deposit such funds into a prize pool from which future prizes would be awarded. In the past, the TELC has used such funds to increase prize payouts without incurring additional prize expense. According to the TELC, this has helped increase overall sales and net lottery proceeds. Further, the TELC has indicated that by disallowing the use of such funds could reduce net lottery proceeds by approximately \$9,800,000. While this is certainly a possibility, the decrease to net lottery proceeds could be considerably less than \$7,000,000, which would provide an overall net increase to state revenues, or considerably more than \$7,000,000, which would provide an overall net decrease to state revenues. Any decrease of net lottery proceeds would occur in FY07-08. To the extent net lottery proceeds decrease as a result of this legislation, the amount transferred to the Lottery for Education Account would be less, and the number of lottery-sponsored scholarships would decrease proportionately.

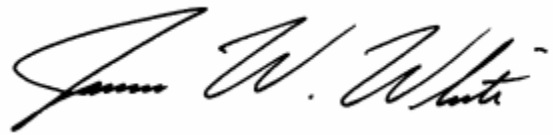
Assumptions:

- Included in the Governor's recommended FY06-07 budget is \$6,500,000 which represents 50% of unclaimed lottery prize winnings.

- Currently, the Department of Education has funded after school programs for 90 agencies with approximately 150 sites with funds from the After School Programs Special Account. Therefore, it is estimated that with receipt of 100% of unclaimed prize winnings, the number of grantees would double.
- The addition of one childcare program evaluator (ratio for education programs is set at one evaluator per 100/programs/sites) and one support staff would be required to handle the additional work load.
- The amount of net lottery proceeds transferred to the Lottery for Education Account from the Tennessee Education Lottery Corporation could decrease as a result of this legislation. The amount of this decrease is undeterminable.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director